



# Consolidated Financial Statements

for the Fiscal Year Ended March 31, 2012

May 10, 2012

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## 1. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2011)	Current Fiscal Year (As of March 31, 2012)
<b>Consolidated balance sheets</b>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,220	12,359
Notes and accounts receivable-trade	23,206	26,755
Merchandise	6,418	6,149
Supplies	17	19
Advance payments-trade	1,016	634
Deferred tax assets	939	926
Accounts receivable-other	1,000	1,174
Other	296	319
Allowance for doubtful accounts	△76	△69
<b>Total current assets</b>	<b>41,039</b>	<b>48,269</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,634	1,584
Accumulated depreciation	△1,170	△1,175
Buildings and structures, net	463	408
Machinery, equipment and vehicles	965	968
Accumulated depreciation	△784	△817
Machinery, equipment and vehicles, net	181	150
Tools, furniture and fixtures	1,473	1,240
Accumulated depreciation	△1,201	△1,028
Tools, furniture and fixtures, net	272	212
Land	633	617
Lease assets	7	7
Accumulated depreciation	△3	△4
Lease assets, net	4	2
<b>Total property, plant and equipment</b>	<b>1,555</b>	<b>1,392</b>
<b>Intangible assets</b>		
Goodwill	876	539
Other	2,255	1,176
<b>Total intangible assets</b>	<b>3,132</b>	<b>1,715</b>
<b>Investments and other assets</b>		
Investment securities	1,548	1,419
Long-term prepaid expenses	5	5
Guarantee deposits	663	678
Membership	36	26
Long-term loans receivable	50	25
Deferred tax assets	416	711
Other	235	252
Allowance for doubtful accounts	△175	△173
<b>Total investments and other assets</b>	<b>2,780</b>	<b>2,946</b>
<b>Total noncurrent assets</b>	<b>7,468</b>	<b>6,054</b>
<b>Total assets</b>	<b>48,507</b>	<b>54,323</b>

## 1. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2011)	Current Fiscal Year (As of March 31, 2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	20,204	23,042
Lease obligations	1	1
Accounts payable-other	3,225	3,351
Income taxes payable	1,038	1,605
Accrued consumption taxes	286	404
Provision for bonuses	314	472
Provision for point card certificates	5	6
Provision for business structure improvement	11	—
Provision for sales returns	21	30
Other	729	702
Total current liabilities	25,837	29,617
<b>Noncurrent liabilities</b>		
Lease obligations	2	1
Provision for retirement benefits	1,630	1,780
Long-term guarantee deposited	1,034	1,008
Deferred tax liabilities	5	3
Asset retirement obligations	45	46
Negative goodwill	51	19
Other	95	48
Total noncurrent liabilities	2,867	2,909
Total liabilities	28,704	32,527
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,751	2,751
Capital surplus	2,775	2,775
Retained earnings	15,175	17,213
Treasury stock	△1,091	△1,091
Total shareholders' equity	19,611	21,649
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	185	128
Deferred gains or losses on hedges	0	0
Total accumulated other comprehensive income	185	128
Subscription rights to shares	5	17
Minority interests	0	1
Total net assets	19,802	21,795
Total liabilities and net assets	48,507	54,323

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income)

(¥ million)

	Prior Fiscal Year (April 1, 2010 - March 31, 2011)	Current Fiscal Year (April 1, 2011 - March 31, 2012)
Consolidated statements of (comprehensive) income		
Net sales	190,891	198,021
Cost of sales	168,564	173,013
Gross profit	22,326	25,007
Selling, general and administrative expenses		
Warehouse deposit expenses	1,647	1,927
Freightage expenses	2,161	2,219
Promotion expenses	832	915
Directors' compensations, salaries and allowances	7,546	7,496
Bonuses	222	237
Provision for bonuses	288	472
Retirement benefit expenses	495	309
Traveling and transportation expenses	463	487
Communication expenses	151	120
Supplies expenses	667	1,057
Rents	1,351	1,254
Rent expenses	128	105
Depreciation	781	688
Amortization of goodwill	445	337
Provision for point card certificates	5	10
Other	2,279	2,508
Total selling, general and administrative expenses	19,471	20,151
Operating income	2,855	4,855
Non-operating income		
Interest income	2	2
Dividends income	40	25
Land and house rent received	9	22
Amortization of negative goodwill	37	32
Other	100	103
Total non-operating income	190	186
Non-operating expenses		
Interest expenses	19	5
Foreign exchange losses	7	—
Loss on cancel of lease contracts	—	2
Other	6	1
Total non-operating expenses	33	9
Ordinary income	3,013	5,032
Extraordinary income		
Gain on sales of noncurrent assets	3	2
Gain on sales of investment securities	93	—
Gain on sales of memberships	—	1
Reversal of allowance for doubtful accounts	50	—
Total extraordinary income	148	3
Extraordinary loss		
Loss on sales of noncurrent assets	1	8
Loss on retirement of noncurrent assets	57	8
Loss on sales of investment securities	24	1
Loss on valuation of investment securities	129	1
Impairment loss	9	669
Loss on cancellation of lease contracts	9	—
Loss on valuation of membership	—	5
Loss on sales of membership	—	1
Loss on liquidation of subsidiaries	22	—
Loss on disaster	61	29
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	—
Total extraordinary losses	341	724
Income before income taxes and minority interests	2,820	4,311
Income taxes-current	1,168	2,062
Income taxes-deferred	275	△209
Total income taxes	1,443	1,852
Income before minority interests	1,376	2,458
Minority interests in income (loss)	△0	0
Net income	1,376	2,458

## (Consolidated statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2010 - March 31, 2011)	Current Fiscal Year (April 1, 2011 - March 31, 2012)
Consolidated statements of comprehensive income		
Income before minority interests	1,376	2,458
Other comprehensive income		
Valuation difference on available-for-sale securities	△196	△56
Deferred gains or losses on hedges	△0	0
Total other comprehensive income	△196 ※	△56
Comprehensive income	1,179	2,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,180	2,401
Comprehensive income attributable to minority interests	△0	0

## (3) Consolidated statements of changes in net assets

(¥ million)

	Prior Fiscal Year (April 1, 2010 - March 31, 2011)	Current Fiscal Year (April 1, 2011 - March 31, 2012)
Consolidated statements of changes in net assets		
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,751	2,751
Changes of items during the period		
Total changes of items during the period		
Balance at the end of current period	2,751	2,751
Capital surplus		
Balance at the beginning of current period	2,776	2,775
Changes of items during the period		
Disposal of treasury stock	△33	—
Transfer of loss on disposal of treasury stock	32	—
Total changes of items during the period	△0	—
Balance at the end of current period	2,775	2,775
Retained earnings		
Balance at the beginning of current period	14,169	15,175
Changes of items during the period		
Dividends from surplus	△337	△420
Net income	1,376	2,458
Transfer of loss on disposal of treasury stock	△32	—
Total changes of items during the period	1,006	2,038
Balance at the end of current period	15,175	17,213
Treasury stock		
Balance at the beginning of current period	△1,117	△1,091
Changes of items during the period		
Purchase of treasury stock	△109	△0
Disposal of treasury stock	135	—
Total changes of items during the period	25	△0
Balance at the end of current period	△1,091	△1,091
Total shareholders' equity		
Balance at the beginning of current period	18,580	19,611
Changes of items during the period		
Dividends from surplus	△337	△420
Net income	1,376	2,458
Purchase of treasury stock	△109	△0
Disposal of treasury stock	102	—
Total changes of items during the period	1,031	2,037
Balance at the end of current period	19,611	21,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	381	185
Changes of items during the period		
Net changes of items other than shareholders' equity	△196	△56
Total changes of items during the period	△196	△56
Balance at the end of current period	185	128
Deferred gains or losses on hedges		
Balance at the beginning of current period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	△0	0
Total changes of items during the period	△0	0
Balance at the end of current period	0	0
Total accumulated other comprehensive income		
Balance at the beginning of current period	381	185
Changes of items during the period		
Net changes of items other than shareholders' equity	△196	△56
Total changes of items during the period	△196	△56
Balance at the end of current period	185	128
Subscription rights to shares		
Balance at the beginning of current period	—	5
Changes of items during the period		
Net changes of items other than shareholders' equity	5	11
Total changes of items during the period	5	11
Balance at the end of current period	5	17

## (3) Consolidated statements of changes in net assets

(¥ million)

	Prior Fiscal Year (April 1, 2010 - March 31, 2011)	Current Fiscal Year (April 1, 2011 - March 31, 2012)
Minority interests		
Balance at the beginning of current period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	△0	0
Total changes of items during the period	△0	0
Balance at the end of current period	0	1
Total net assets		
Balance at the beginning of current period	18,962	19,802
Changes of items during the period		
Dividends from surplus	△337	△420
Net income	1,376	2,458
Purchase of treasury stock	△109	△0
Disposal of treasury stock	102	—
Net changes of items other than shareholders' equity	△190	△44
Total changes of items during the period	840	1,993
Balance at the end of current period	19,802	21,795

## (4) Consolidated statements of cash flows

(¥ million)

	Prior Fiscal Year (April 1, 2010 - March 31, 2011)	Current Fiscal Year (April 1, 2011 - March 31, 2012)
Consolidated statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,820	4,311
Depreciation and amortization	781	688
Impairment loss	9	669
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	—
Amortization of goodwill	408	305
Increase (decrease) in allowance for doubtful accounts	△63	△4
Share-based compensation expenses	5	11
Increase (decrease) in provision for bonuses	△289	158
Increase (decrease) in provision for retirement benefits	205	149
Increase (decrease) in provision for business structure improvement	△166	△11
Interest and dividends income	△43	△28
Interest expenses	19	5
Foreign exchange losses (gains)	7	△1
Loss (gain) on sales and retirement of noncurrent assets	54	14
Loss (gain) on sales of investment securities	△69	1
Loss on liquidation of subsidiaries	22	—
Loss (gain) on valuation of investment securities	129	1
Loss (gain) on sales of membership	—	△0
Loss on valuation of membership	—	5
Decrease (increase) in notes and accounts receivable-trade	△296	△3,551
Decrease (increase) in inventories	314	267
Decrease (increase) in advance payments	842	381
Increase (decrease) in notes and accounts payable-trade	371	2,838
Decrease (increase) in accounts receivable-other	△69	△174
Increase (decrease) in accounts payable-other	586	86
Increase (decrease) in accrued consumption taxes	△161	118
Decrease (increase) in other assets	222	△73
Increase (decrease) in other liabilities	△32	△83
Subtotal	5,635	6,085
Interest and dividends income received	42	28
Interest expenses paid	△20	△5
Income taxes paid	△574	△1,499
Net cash provided by (used in) operating activities	5,083	4,609
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△139	△50
Proceeds from sales of property, plant and equipment	8	30
Purchase of intangible assets	△301	△68
Purchase of investment securities	△195	△8
Proceeds from sales of investment securities	341	3
Payments of loans receivable	△50	—
Collection of loans receivable	—	25
Other, net	20	18
Net cash provided by (used in) investing activities	△315	△50
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	△2,350	—
Repayment of long-term loans payable	△140	—
Proceeds from sales of treasury stock	102	—
Purchase of treasury stock	△109	△0
Cash dividends paid	△338	△419
Other, net	△16	△1
Net cash provided by (used in) financing activities	△2,852	△421
Effect of exchange rate change on cash and cash equivalents	△7	1
Net increase (decrease) in cash and cash equivalents	1,907	4,138
Cash and cash equivalents at beginning of period	6,312	8,220
Cash and cash equivalents at end of period	8,220	12,359



## 2. Consolidated Financial Results by Business Segments

(1) Fiscal Year Ended March 31, 2011 (April 1, 2010 - March 31, 2011)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	69,104	57,759	46,447	17,579	190,891	—	190,891
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	69,104	57,759	46,447	17,579	190,891	—	190,891
Segment income(loss)	2,321	△656	1,156	1,340	4,162	△1,307	2,855
Segment assets	16,192	11,454	7,799	4,470	39,916	8,591	48,507
Others							
Depreciation	506	174	24	47	752	29	781
Amortization of goodwill	—	247	108	90	445	—	445
Increase in Property, plant and equipment and Intangible assets	83	298	22	13	419	44	463

\*1 (1) The 1,307million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

(2) The 8,591million yen adjustment to segment assets includes unallocated operating assets.

The assets cannot be assigned to any particular segment and are mostly administrative assets incurred by the administration sector of the HAPPINET CORPORATION.

\*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.

(2) Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

(¥million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	77,313	55,719	42,704	22,282	198,021	—	198,021
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	77,313	55,719	42,704	22,282	198,021	—	198,021
Segment income	3,009	448	936	1,801	6,196	△1,341	4,855
Segment assets	16,482	12,882	8,861	4,443	42,669	11,654	54,323
Others							
Depreciation	356	202	86	24	670	18	688
Amortization of goodwill	—	246	0	90	337	—	337
Increase in Property, plant and equipment and Intangible assets	66	67	13	8	155	18	174

\*1 (1) The 1,307million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

(2) The 11,654million yen adjustment to segment assets includes unallocated operating assets.

The assets cannot be assigned to any particular segment and are mostly administrative assets incurred by the administration sector of the HAPPINET CORPORATION.

\*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.